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# Congress of the United States

## U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING  
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

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**December 11, 2014**

### INTRODUCTION OF THE TAX REFORM ACT OF 2014

#### HON. DAVE CAMP Of Michigan

Mr. Speaker, I rise today to announce the introduction of H.R. 1, the Tax Reform Act of 2014. This bill – which formalizes, without modifications, the tax reform discussion draft I released publicly on February 26, 2014 – reflects the years of work undertaken on this critical issue by the Committee on Ways and Means during my time as Chairman. I want to thank the Members of our Committee, on both sides of the aisle, for their tireless efforts and for their outstanding contributions to this legislation and to the transparent, inclusive process that produced it. While I will not be returning to the House of Representatives next year, I very much look forward to watching the ongoing work of our great Committee as the tax reform debate continues to unfold in the 114<sup>th</sup> Congress.

Mr. Speaker, the urgent need to fix our broken tax code – and the incredible progress we've made toward making tax reform a reality for the first time since 1986 – has already been well documented, and I will not seek to recount all of that background and history here today. But I do hope that, going forward, Congress will continue to focus on the twin goals that have guided the tax reform process thus far – strengthening the economy, and making the tax code simpler and fairer for all Americans.

When I set out to produce a comprehensive tax reform bill, I wanted to do it the right way. So, over the last four years, the Ways and Means Committee held over 30 public hearings, including the first joint hearings with the Senate Finance Committee on tax policy since World War II. Ways and Means Ranking Member Sandy Levin – my home state colleague – and I formed 11 bipartisan working groups to tackle different areas of the tax code. In that time, I also launched TaxReform.Gov, which received more than 14,000 public comments and suggestions, while Sen. Max Baucus (D-MT) and I left the confines of Washington, DC to talk with taxpayers all across the country. I am proud to say that we have done this in the most open, transparent, and bipartisan way – getting input from all sides. Now, the debate about *whether* to do tax reform is over; the only debate now is about *how*.

At its core, the Tax Reform Act of 2014 is about making the tax code simpler and fairer for hardworking taxpayers. I believe every taxpayer should be able to do his or her taxes without fear that someone with better accountants or lawyers is getting a better deal. This legislation

does that by ensuring that virtually all taxpayers would pay the least amount of taxes without having to keep track of every receipt and record and live in fear of an IRS audit. This legislation makes the Code more effective and efficient by getting rid of narrowly targeted provisions to lower tax rates across the board. This will enable small and large businesses alike to expand operations, hire new workers, and increase benefits and take-home pay.

The proposal flattens the rate structure by reducing rates and collapsing today's seven individual rate brackets into two brackets of 10 and 25 percent for virtually all taxable income, ensuring that over 99 percent of all taxpayers face rates no higher than 25 percent. The plan also reduces the corporate rate to 25 percent.

By making America's corporate tax rate more competitive and by modernizing our anti-competitive international tax rules, which have not been reformed since the 1960s, we would encourage companies to keep their headquarters in the United States, so they can grow, invest, and hire here, instead of moving overseas in search of a better tax environment. We need a real solution to this growing problem, and I believe a significantly lower corporate tax rate and a more competitive tax system is just the solution we need.

Independent economists agree: Tax reform results in stronger economic growth, more jobs, and higher wages. In fact, the independent, non-partisan Joint Committee on Taxation (JCT) estimates that this plan could increase the size of our economy by \$3.4 trillion – that's equivalent to 20 percent of today's economy. Based on that stronger economic growth, we could see nearly two million new jobs created. JCT also estimates that this proposal could generate up to \$700 billion in additional Federal revenues that could be used to lower tax rates even further or to reduce the debt. Indeed, based on calculations using data provided by JCT, the average middle-class family of four could, under this proposal, have an extra \$1,300 per year in its pocket from the combination of lower tax rates in the plan and higher wages due to a stronger economy. This is the kind of growth America needs, and these are the kinds of policies that can produce a stronger, more robust economy that benefits all Americans.

Before concluding, Mr. Speaker, I want to acknowledge the countless hours devoted to this effort by the Ways and Means Committee staff and the staffs of the Joint Committee on Taxation and the Office of Legislative Counsel. A project this large – on an issue of this magnitude – simply could not be undertaken by this institution without the dedication, the policy know-how, and the technical expertise of the professional staff. We owe all of them our sincere thanks. Indeed, their contributions to this proposal extend not just to the legislative language of the bill itself, but to a set of helpful explanatory materials as well. For those who are looking for a fuller description of the legislation I am introducing today as H.R. 1, a section-by-section summary of the proposal prepared by the Ways and Means Majority Tax Staff is available at: <http://tax.house.gov/>. Similarly, JCT's technical explanation of the proposal – along with JCT's revenue estimate, distributional analysis, and macro-economic analysis of the proposal – has been published as JCS-1-14, available at <https://www.jct.gov/publications.html?func=startdown&id=4674>.

With that, Mr. Speaker, I close by urging my colleagues who will be returning in January for the 114<sup>th</sup> Congress to keep pushing forward and to see this tax reform process through to a



successful conclusion. It would undoubtedly be easier for Congress to hang its head and say that the problems with the current tax system are just too big, and that the work of tax reform is just too hard. But nothing worth doing is ever easy, and tax reform is even more necessary now than it was back in 1986. Indeed, today's generation of tax reformers should remember how the headline in the *Washington Post* captured the moment when the 1986 Act finally made it over the finish line – it called tax reform the “impossible that became the inevitable.” I would like to see that headline again, and with today's formal introduction of the Tax Reform Act of 2014, we take another important step down that historic path.

I thank the Speaker for reserving the bill number H.R. 1 for this legislation, and I hope that the formal introduction of this proposal in the House today will help spur further action on this critical issue in the 114<sup>th</sup> Congress.